

BEFORE THE
POSTAL REGULATORY COMMISSION
WASHINGTON, D.C. 20268-0001

ANNUAL COMPLIANCE REVIEW, 2017

Docket No. ACR2017

RESPONSES OF THE UNITED STATES POSTAL SERVICE TO
QUESTIONS 1-16 OF CHAIRMAN'S INFORMATION REQUEST NO. 1

The United States Postal Service hereby provides its responses to the above-listed questions of Chairman's Information Request No. 1, issued on January 5, 2018. Each question is stated verbatim and followed by the response.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

Anthony Alverno
Chief Counsel, Global Business & Service
Development

Eric P. Koetting

475 L'Enfant Plaza, S.W.
Washington, D.C. 20260-1137
(202) 277-6333
eric.p.koetting@usps.gov
January 12, 2018

**RESPONSES OF THE UNITED STATES POSTAL SERVICE
TO CHAIRMAN'S INFORMATION REQUEST NO. 1**

1. For FY 2016, please provide Inbound Letter Post revenue data by country group and shape as described in Order No. 4215.¹ If the Postal Service is unable to provide such data, please explain why it cannot do so.

RESPONSE:

Please see the response filed under seal as part of USPS-FY17-NP31, which consists of text filed as an attachment to the Preface, plus an Excel file.

¹ Docket No. R2018-1, Order on Price Adjustments for First-Class Mail, USPS Marketing Mail, Periodicals, Package Services, and Special Services Products and Related Mail Classification Changes, November 9, 2017, at 36 (Order No. 4215).

**RESPONSES OF THE UNITED STATES POSTAL SERVICE
TO CHAIRMAN'S INFORMATION REQUEST NO. 1**

2. For CY 2016, please provide the final quarterly and annual quality of service measurement results for the link to terminal dues provided to the Postal Service by the International Post Corporation (IPC) or its contractor.

RESPONSE:

Please see CY 2016 material, filed under seal, as part of USPS-FY17-NP31 that accompanies this response. In this document, the UPU also issued information regarding the performance results of other countries' postal operators. Those other countries' performance results are redacted (even though this file is submitted in a non-public folder) because they are sensitive business information of the foreign posts.

**RESPONSES OF THE UNITED STATES POSTAL SERVICE
TO CHAIRMAN'S INFORMATION REQUEST NO. 1**

3. For CY 2017, please provide the preliminary or final quarterly and annual quality of service measurement results for the link to terminal dues provided to the Postal Service by the IPC or its contractor. If preliminary or final results are not available, please provide the expected date of availability.

RESPONSE:

Please see CY 2017 material, filed under seal, as part of USPS-FY17-NP31 that accompanies this response. This report covers calendar year 2017 through November. Final results for CY 2017 are not anticipated until the end of February 2018. In this document, the UPU also issued information regarding the performance results of other countries' postal operators. Those other countries' performance results are redacted (even though this file is submitted in a non-public folder) because they are sensitive business information of the foreign posts.

**RESPONSES OF THE UNITED STATES POSTAL SERVICE
TO CHAIRMAN'S INFORMATION REQUEST NO. 1**

4. Please provide the amount of forfeited revenue for CY 2016 and CY 2017. For CY 2017, please include all monthly results available to date. If all monthly results are not available, please provide an updated amount of forfeited revenue for CY 2017 once all monthly results are available.

RESPONSE:

Please see the response filed under seal as part of USPS-FY17-NP31, which consists of text filed as an attachment to the Preface.

**RESPONSES OF THE UNITED STATES POSTAL SERVICE
TO CHAIRMAN'S INFORMATION REQUEST NO. 1**

5. Please refer to Library Reference USPS-FY17-NP2, December 29, 2017, folder "PDFs," file "NSA Summary (Unified) FY 2017.pdf."
- a. Please confirm the accuracy of the volume and revenue of the Inbound PRIME Tracked Service product on page 3. If confirmed, please explain why volume and revenue differ from the volume estimates that the Postal Service provided in Docket No. R2017-3.
 - b. If not confirmed, please provide the accurate volume and revenue data for Inbound PRIME Tracked Service.

RESPONSE:

Please see the response filed under seal as part of USPS-FY17-NP31, which consists of text filed as an attachment to the Preface.

**RESPONSES OF THE UNITED STATES POSTAL SERVICE
TO CHAIRMAN'S INFORMATION REQUEST NO. 1**

6. Please refer to Library Reference USPS-FY17-NP2, folder "ICRA Core Files," Excel file "Reports (Unified).xls," tab "A Pages Summary," cell D58. Please disaggregate this International Mailing Fees data by product.

RESPONSE:

Please see the Excel file "ChIR1 Q6. Intl Fees" provided under seal as part of USPS-FY17-NP 31.

**RESPONSES OF THE UNITED STATES POSTAL SERVICE
TO CHAIRMAN'S INFORMATION REQUEST NO. 1**

7. Please provide the Postal Service's EMS Cooperative report card for Quarter 4 of CY 2016 and its annual report card for CY 2016.

RESPONSE:

The Postal Service's EMS Cooperative quarterly Aggregate Report Card for Quarter 4 of CY 2016 and its EMS Cooperative Annual Individual Report Card for CY 2016 are filed under seal as part of USPS-FY17-NP31 that accompanies this response.

**RESPONSES OF THE UNITED STATES POSTAL SERVICE
TO CHAIRMAN'S INFORMATION REQUEST NO. 1**

8. Please provide the Postal Service's preliminary or final EMS Cooperative quarterly and annual report cards for CY 2017. If preliminary or final report cards are unavailable, please provide the expected date of availability.

RESPONSE:

The Postal Service's EMS Cooperative quarterly Aggregate Report Cards for Quarters 1, 2, and 3 of CY 2017 are filed under seal as part of USPS-FY17-NP31 that accompanies this response. The Postal Service's EMS Cooperative quarterly Aggregate Report Card for Quarter 4 of CY 2017 and the Postal Service's EMS Cooperative Annual Individual Report Card for CY 2017 are not yet available, but those reports are expected to be available by April 2018.

**RESPONSES OF THE UNITED STATES POSTAL SERVICE
TO CHAIRMAN'S INFORMATION REQUEST NO. 1**

9. Please confirm that, during FY 2017, the EMS Cooperative Pay-for-Performance Plan was applicable to all KPG members who entered Inbound EMS into the United States. If not confirmed, please identify which KPG members that entered Inbound EMS into the United States were not subject to the EMS Cooperative Pay-for-Performance Plan and explain why the EMS Cooperative Pay-for-Performance Plan was not applicable to those KPG members.

RESPONSE:

Not confirmed. Please see the requested material filed under seal as part of the Preface of USPS-FY17-NP31 that accompanies this response.

**RESPONSES OF THE UNITED STATES POSTAL SERVICE
TO CHAIRMAN'S INFORMATION REQUEST NO. 1**

- 10.** The KPG Strategic Services Agreement describes the conditions for date-certain delivery performance in which late delivery results in penalties in the form of a postage refund. Please provide all fiscal year, calendar year, and/or quarterly reports that measure the service performance of Inbound EMS from KPG member posts with respect to late deliveries, penalties, and any other service performance metrics. Please include the number of late deliveries for which a postage refund was made and the total amount of such refunds in FY 2017 for each KPG member post.

RESPONSE:

Please see the file ChIR No 1 Q10 Claims_FY17.pdf filed under seal as part of USPS-FY17-NP31.

**RESPONSES OF THE UNITED STATES POSTAL SERVICE
TO CHAIRMAN'S INFORMATION REQUEST NO. 1**

- 11.** For the IMTS—Outbound and Inbound products during FY 2017, please provide the coefficient of variation for the IOCS-based cost estimate and the 95 percent confidence interval for the cost coverage.

RESPONSE:

There were seven (7) total tallies for IMTS in FY2017, and the combined coefficient of variation (CV) for the IOCS-based cost estimate is 39 percent. The 95-percent confidence interval for the cost coverage is between 34 percentage points below and 127 percentage points above the combined IMTS point estimates reflected in the Nonpublic CRA (USPS-FY17-NP11).

**RESPONSES OF THE UNITED STATES POSTAL SERVICE
TO CHAIRMAN'S INFORMATION REQUEST NO. 1**

- 12.** Please provide an updated FY 2017 version of the spreadsheet "ChIR3 Q13 IMTS.xlsx," filed in Docket No. ACR2016, Library Reference USPS-FY16-NP31, January 13, 2017.

RESPONSE:

Please see the Excel file "ChIR1 Q12 IMTS" filed under seal as part of USPS-FY17-NP31.

**RESPONSES OF THE UNITED STATES POSTAL SERVICE
TO CHAIRMAN'S INFORMATION REQUEST NO. 1**

- 13.** In the FY 2016 Annual Compliance Determination (ACD), the Commission found that IMTS—Inbound was not in compliance with 39 U.S.C. § 3633(a)(2) for FY 2016.² The Commission recommended the Postal Service request a delegation of authority from the Department of State under the Circular 175 process to terminate or renegotiate the agreements that comprise the IMTS—Inbound product. FY 2016 ACD at 84. Please describe the steps that the Postal Service has taken to request this delegation of authority from the Department of State and to terminate or renegotiate these agreements with foreign postal operators.

RESPONSE:

The Postal Service appreciates the Commission's recommendation. Due to the number of priorities pending this year, the Postal Service has not been able to undertake a request for authority to terminate or renegotiate the agreements that comprise the IMTS-Inbound product.

² Docket No. ACR2016, Annual Compliance Determination, March 28, 2017, at 84 (FY 2016 ACD).

**RESPONSES OF THE UNITED STATES POSTAL SERVICE
TO CHAIRMAN'S INFORMATION REQUEST NO. 1**

- 14.** For CY 2016 and CY 2017, please provide the required service features for bonus payments under the UPU inward land rate bonus system and the corresponding bonus percentages.

RESPONSE:

Please see the requested material filed under seal as part of USPS-FY17-NP31 that accompanies this response.

**RESPONSES OF THE UNITED STATES POSTAL SERVICE
TO CHAIRMAN'S INFORMATION REQUEST NO. 1**

- 15.** For Quarter 4 and all of CY 2016, please provide service performance measurements for purposes of the inward land rate bonus.

RESPONSE:

For purposes of the inward land rate bonus for UPU parcels, there are no quarterly or annual results. Inward land rate bonuses are determined based on the prior 6-month service performance measurement reports. Data from the Postal Service's inbound consolidated portions of the CY 2016 reports are filed under seal as part of USPS-FY17-NP31 that accompanies this response.

**RESPONSES OF THE UNITED STATES POSTAL SERVICE
TO CHAIRMAN'S INFORMATION REQUEST NO. 1**

- 16.** For CY 2017, please provide the results of the Postal Service's preliminary or final quarterly and annual service performance measurements for purposes of the inward land rate bonus. If preliminary or final results are not available, please provide the expected date of availability.
- a. If the Postal Service did not meet the service feature requirements for a UPU inward land rate bonus, please provide the amount of forfeited revenue for Q4 of CY 2016 and for CY 2017 available to date.
 - b. If preliminary or final results are not available, please provide the expected date of availability.

RESPONSE:

For purposes of the inward land rate bonus for UPU parcels, there are no quarterly or annual results. Inward land rate bonuses are determined based on the prior 6-month service performance measurement reports. Data from the Postal Service's inbound consolidated portions of the CY 2017 reports are filed under seal as part of USPS-FY17-NP31 that accompanies this response.

- a. Please see the requested material filed under seal as part of USPS-FY17-NP31 that accompanies this response.
- b. The amount of forfeited revenue, if any, for Q4 of CY 2017 is expected to be available by the end of March 2018.